

**NATIONAL CENTER FOR HEALTHY HOUSING, INC.
AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2009 AND 2008

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY

TABLE OF CONTENTS

	Page Number
Independent Auditors' Report.....	1
Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities and Changes in Net Assets.....	4
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9
Supplemental Schedules	
Supplemental Statements of Financial Position by Entity (with eliminations).....	16
Supplemental Statements of Activities by Entity (with eliminations).....	18
Supplemental Schedules of Grant and Contract Revenue National Center for Healthy Housing, Inc.....	20
Reports Required by Circular OMB A-133 Single Audit	
Schedules of Expenditures of Federal Awards	22
Notes to Schedule of Expenditures of Federal Awards	26
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	27
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	29
Schedules of Findings and Questioned Costs.....	31
Summary Schedule of Prior Audit Findings	33
Corrective Action Plan	34

Independents Auditors' Report

The Board of Directors of the
National Center for Healthy Housing, Inc.
and Subsidiary

We have audited the accompanying consolidated statements of financial position of National Center for Healthy Housing, Inc. (a non-profit organization) and Subsidiary as of September 30, 2009 and 2008, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Center For Healthy Housing, Inc. and Subsidiary, as of September 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2010 on our consideration of National Center for Healthy Housing, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements of National Center for Healthy Housing, Inc. taken as a whole. The accompanying schedules of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated basic financial statements taken as a whole.

The accompanying supplemental statements of financial position by entity, supplemental statements of activities by entity, and supplemental schedules of grant and contract revenue - National Center For Healthy Housing, Inc., for the years ended September 30, 2009 and 2008 are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. The consolidated supplemental information and schedules for the years ended September 30, 2009 and 2008 has been subjected to the auditing procedures applied in the audits of the consolidated basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the consolidated basic financial statements taken as a whole.

CLARK AND ANDERSON, P.A.
Certified Public Accountants

Glen Burnie, Maryland

February 25, 2010

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2009 AND 2008

ASSETS

	<u>2009</u>	<u>2008</u>
Current Assets		
Cash and equivalents	\$ 209,855	\$ 349,124
Grants and other receivables	677,580	991,628
Deferred income taxes	3,130	-
Prepaid expenses and other assets	<u>33,088</u>	<u>25,192</u>
Total Current Assets	<u>923,653</u>	<u>1,365,944</u>
Fixed Assets		
Office equipment	26,423	25,202
Less: Accumulated depreciation	<u>(18,139)</u>	<u>(14,130)</u>
Net Fixed Assets	<u>8,284</u>	<u>11,072</u>
Total Assets	<u>\$ 931,937</u>	<u>\$ 1,377,016</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 121,927	\$ 434,055
Accrued expenses	48,828	60,047
Taxes payable	20,295	38,623
Loan payable	-	25,284
Unearned revenue	-	36,212
Other payables	<u>5,851</u>	<u>6,600</u>
Total Current Liabilities	<u>196,901</u>	<u>600,821</u>
Net Assets and Equity		
Unrestricted	501,020	496,252
Temporarily restricted	<u>234,016</u>	<u>279,943</u>
Total Net Assets and Equity	<u>735,036</u>	<u>776,195</u>
Total Liabilities and Net Assets	<u>\$ 931,937</u>	<u>\$ 1,377,016</u>

-See independent auditors' report and accompanying notes-

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	2009		
	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Grants and contracts	\$ 2,969,752	\$ -	\$ 2,969,752
Contributions	52,626	318,000	370,626
Interest income	1,080	-	1,080
Other revenue	2,170	-	2,170
Net assets released from restriction	<u>363,927</u>	<u>(363,927)</u>	<u>-</u>
Total Revenue and Support	<u>3,389,555</u>	<u>(45,927)</u>	<u>3,343,628</u>
Expenses			
Program	3,300,114	-	3,300,114
General and administrative	<u>87,646</u>	<u>-</u>	<u>87,646</u>
Total Expenses	<u>3,387,760</u>	<u>-</u>	<u>3,387,760</u>
Change in net assets before provision for income taxes	1,795	(45,927)	(44,132)
(Benefit)provision for income taxes	<u>(2,973)</u>	<u>-</u>	<u>(2,973)</u>
Change in net assets	4,768	(45,927)	(41,159)
Net assets, beginning of year	<u>496,252</u>	<u>279,943</u>	<u>776,195</u>
Net assets, end of year	<u>\$ 501,020</u>	<u>\$ 234,016</u>	<u>\$ 735,036</u>

-See independent auditors' report and accompanying notes-

2008		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 3,117,864	\$ -	\$ 3,117,864
20,517	268,254	288,771
1,609	-	1,609
1,806	-	1,806
<u>195,105</u>	<u>(195,105)</u>	<u>-</u>
<u>3,336,901</u>	<u>73,149</u>	<u>3,410,050</u>
3,124,695	-	3,124,695
<u>143,020</u>	<u>-</u>	<u>143,020</u>
<u>3,267,715</u>	<u>-</u>	<u>3,267,715</u>
69,186	73,149	142,335
<u>17,802</u>	<u>-</u>	<u>17,802</u>
51,384	73,149	124,533
<u>444,868</u>	<u>206,794</u>	<u>651,662</u>
<u>\$ 496,252</u>	<u>\$ 279,943</u>	<u>\$ 776,195</u>

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	2009		
	Program	General and Administrative	Total
Salaries and fringe benefits	\$ 1,091,444	\$ 310,088	\$ 1,401,532
Bank service fees	-	1,274	1,274
Consultants	1,012,315	168,722	1,181,037
Depreciation	-	4,010	4,010
Dues and subscriptions	1,532	4,018	5,550
Equipment rental and maintenance	12,392	7,433	19,825
Insurance	-	28,293	28,293
Interest expense	-	439	439
Licenses and fees	-	334	334
Meetings and conferences	19,602	4,258	23,860
Miscellaneous	-	400	400
Office supplies	140,677	20,947	161,624
Other costs and supplies	93,821	-	93,821
Postage and delivery	6,778	2,443	9,221
Printing and reproduction	-	4,888	4,888
Professional fees	2,520	135,588	138,108
Recruiting	-	4,931	4,931
Rent	-	101,150	101,150
Storage	-	1,949	1,949
Telecommunications	4,012	18,843	22,855
Temporary help	505	-	505
Training and professional development	350	5,502	5,852
Travel	147,534	11,214	158,748
Trustee expenses	-	17,554	17,554
Indirect cost allocation	766,632	(766,632)	-
Total Expenses	<u>\$ 3,300,114</u>	<u>\$ 87,646</u>	<u>\$ 3,387,760</u>

-See independent auditors' report and accompanying notes-

2008

Program	General and Administrative	Total
\$ 1,017,695	\$ 490,813	\$ 1,508,508
-	1,075	1,075
624,736	119,338	744,074
-	4,123	4,123
849	4,053	4,902
84,917	9,631	94,548
-	29,255	29,255
-	861	861
-	300	300
1,432	2,575	4,007
-	505	505
140,819	18,438	159,257
28,021	-	28,021
12,287	2,693	14,980
11,343	1,277	12,620
-	127,953	127,953
-	8,180	8,180
-	84,611	84,611
-	1,507	1,507
2,551	23,198	25,749
536	82	618
-	2,873	2,873
384,335	9,010	393,345
-	15,843	15,843
815,174	(815,174)	-
<u>\$ 3,124,695</u>	<u>\$ 143,020</u>	<u>\$ 3,267,715</u>

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (41,159)	\$ 124,533
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Non-Cash Adjustments		
Depreciation and amortization	4,010	4,123
(Increase)decrease in operating assets		
Grants and other receivables	314,048	(489,488)
Prepaid expenses and other assets	(11,026)	(1,598)
Increase(decrease) in operating liabilities		
Accounts payable and accrued expenses	<u>(378,637)</u>	<u>392,443</u>
Total Adjustments	<u>(71,605)</u>	<u>(94,520)</u>
Net Cash (Used In)Provided By Operating Activities	<u>(112,764)</u>	<u>30,013</u>
Cash Flows from Investing Activities		
Net Cash Used In Investing Activities -		
Purchase of fixed assets	<u>(1,221)</u>	<u>(4,585)</u>
Cash Flows from Financing Activities		
Net Cash (Used In)Provided By Financing Activities -		
Net (reduction)increase in note payable, short-term	<u>(25,284)</u>	<u>18,293</u>
Net (Decrease)Increase In Cash	(139,269)	43,721
Cash and Equivalents, Beginning of Year	<u>349,124</u>	<u>305,403</u>
Cash and Equivalents, End of Year	<u>\$ 209,855</u>	<u>\$ 349,124</u>
Supplement Disclosure of Cash Flow Information		
Cash paid for income taxes	<u>\$ 157</u>	<u>\$ 17,803</u>
Cash paid for interest	<u>\$ 431</u>	<u>\$ 861</u>

-See independent auditors' report and accompanying notes-

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2009 AND 2008

Note 1 – Description of the Organizations

The accompanying consolidated financial statements include the following entities hereinafter referred to as “the Organizations”:

National Center for Healthy Housing, Inc.

The Board of Directors of the National Center for Healthy Housing, Inc. (the Center), formerly known as the National Center for Lead-Safe Housing, Inc., was founded in 1992 to bring the housing, environmental, and public health communities together to combat childhood lead poisoning. The Center is a nonprofit organization committed to developing and promoting practical methods to protect children from environmental health hazards in their homes while preserving affordable housing.

Healthy Housing Solutions, Inc.

The Center’s wholly-owned Subsidiary, Healthy Housing Solutions, Inc. (Solutions), was incorporated as a Maryland for-profit stock corporation on November 10, 2003. Solutions is engaged in activities similar to that of the Center and was organized to support the Center’s mission through fee-for-service work.

Until April 2007, the Center was a supporting organization of the Alliance for Healthy Homes, a nonprofit organization with similar activities and programs. The relationship was legally terminated.

Note 2 – Summary of Significant Accounting Policies

- (a) **Basis of Accounting** – The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.
- (b) **Principles of Consolidation** – The consolidated financial statements have been prepared for the Organizations as described previously. All significant intercompany transactions have been eliminated.
- (c) **Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2009 AND 2008

Note 2 – Summary of Significant Accounting Policies (Continued)

- (d) Cash and Equivalents – The Center considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.
- (e) Grants and Other Receivables – Grants and other receivables are recorded net of an allowance for uncollectible receivables, based on management’s evaluation of outstanding accounts receivable at year end. Grants and other receivables beyond one year are discounted to reflect the present value of the grant or other receivable. The Center has grants and cooperative agreements with U.S. Government agencies, various state agencies, and other private sources. Management anticipates that all grant and other receivables will be collected in full, and therefore, has not established an allowance for doubtful accounts.
- (f) Gifts and Bequests of Property – Gifts and bequests of property are recorded at the earlier of the date received or when the bequest is no longer subject to probate and its value can be reasonably estimated. Gifts and bequests are valued at their estimated fair market value on the date they are recorded.
- (g) Fixed Assets – Furniture and equipment are reported at cost if purchased and, if donated, at the approximate fair market value at the date of donation. Assets are depreciated over the estimated life using the straight line method. It is the policy of the Center to capitalize equipment costing over \$1,000 and having a useful life of over one year. Depreciation expense for the years ended September 30, 2009 and 2008 amounted to \$4,010 and \$4,123, respectively.
- (h) Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
- (i) Income Taxes – under Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Maryland, the Center is exempt from income taxes for activities related to its tax exempt purpose.

Solutions is a for-profit corporation subject to corporate income tax in accordance with the Internal Revenue Code and the applicable income tax regulations of the State of Maryland.

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2009 AND 2008

Note 2 – Summary of Significant Accounting Policies (Continued)

- (j) Donated Services and Materials – Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. During the years ended September 30, 2009 and 2008, the Center did not receive any donated materials or services subject to the recognition criteria.
- (k) Net Assets – net assets are reported by the Center in accordance with Financial Accounting Standards Board (FASB) 116 and 117. Accordingly, net assets have been reported using the following categories.

Unrestricted

Unrestricted net assets represent resources over which the Board of Directors has discretionary control and are used to carry out operations of the Center in accordance with the bylaws.

Temporarily Restricted

Temporarily restricted net assets represent grants and contributions, which have been restricted by donors for specific programs or activities. Restrictions, which have been met by the passage of time or expenditure of net assets, are reported as revenues released from restrictions on the statement of activities. Restricted grants and contributions that are received and released in the same reporting period are recognized as unrestricted grants and contributions. For the years ended September 30, 2009 and 2008 the Center received \$318,000 and \$268,254 respectively, in restricted grants and contributions.

Temporarily restricted net assets as of September 30, 2009 and 2008 consisted of the following:

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2009 AND 2008

Note 2 – Summary of Significant Accounting Policies (Continued)

(k) Net Assets (Continued)

	<u>2009</u>	<u>2008</u>
Home Depot Foundation	\$ 61,446	\$144,605
Private Foundation	-	58,803
Blue Cross Blue Shield	2,796	29,440
Annie E. Casey Foundation	-	25,095
Special Event	-	22,000
The Kresge Foundation	142,305	-
The California Endowment	<u>27,469</u>	<u>-</u>
Total	<u>\$234,016</u>	<u>\$279,943</u>

Note 3 – Short-Term Bank Borrowings

During 2004, Solutions entered into a line of credit in the amount of \$50,000. Amounts outstanding under the line of credit are payable upon demand and bear interest at the financial institution's prime rate plus one point five percent (1.5%), which was four point seventy-five percent (4.75%) as of September 30, 2009. The line of credit is secured by substantially all of Solutions' assets and is guaranteed by the Center. As of September 30, 2009 and 2008 the outstanding borrowings under the line of credit amounted to zero and \$25,284, respectively. Interest expense amounted to \$439 and \$861 for the years ended September 30, 2009 and 2008, respectively.

Note 4 – Pension Plan

The Center has a 401(k) plan that permits voluntary contributions by employees of the Center and its Subsidiary. The plan covers all eligible employees who meet its eligibility requirements. The Plan provides for employer matching contribution of one hundred percent (100%) of elective deferrals up to three percent (3%) of eligible compensation and fifty percent (50%) of elective deferrals from three percent (3%) to five percent (5%) of eligible compensation. In addition, the plan allows discretionary contributions on an annual basis in amounts determined by the Center's management. For the years ended September 30, 2009 and 2008, the Organizations made matching contributions of \$33,831 and \$36,918, respectively and discretionary contributions of \$15,434 and \$17,539, or two percent (2%) of eligible compensation to the Plan.

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2009 AND 2008

Note 5 – Income Taxes

The provision for income taxes for the years ended September 30, 2009 and 2008 relates to the activities of Solutions and consists of federal and state income taxes payable or receivable.

For the years ended September 30, 2009 and 2008 the provision (benefit) for income taxes is as follows:

	<u>2009</u>	<u>2008</u>
Federal	\$(1,942)	\$11,764
State	<u>(1,031)</u>	<u>6,039</u>
Total (Benefit)Provision	<u>\$(2,973)</u>	<u>\$17,803</u>

Note 6 – Concentration of Risk

The Center receives a substantial portion of its revenue from federal grants and contracts, primarily from the U.S. Department of Health and Human Services. If a significant reduction of this funding occurs, it may have a significant impact on the Center's programs. For the years ended September 30, 2009 and 2008, direct and indirect federal grants and contracts represented eighty-one percent (81%) and eighty-five percent (85%) of the Center's total revenue and support, respectively. The Center's management does not anticipate any significant reduction in future funding from federal agencies.

The Center maintains cash balances in a financial institution which is insured by the Federal Deposit Insurance Corporation for amounts up to \$250,000 and \$100,000 for the years 2009 and 2008, respectively. The Center is exposed to concentrations of credit risk at times when cash balances exceed the FDIC limit. The Center has not experienced any losses and believes they are not exposed to significant risk.

Note 7 – Leases and Rent Expenses

Effective November 2006, the Center entered into a lease agreement for office space. The lease term commenced November 1, 2006 for a period of sixty (60) months, expiring on October 31, 2011. Monthly payments in 2009 and 2008 under this agreement amounted to \$7,513 and \$7,294, respectively and provides for annual escalation charges.

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2009 AND 2008

Note 7 – Leases and Rent Expenses (Continued)

Minimum future rental payments under the lease are as follows:

2010	\$ 92,633
2011	95,412
2012	<u>7,970</u>
Total	<u>\$196,015</u>

Effective June 30, 2009, the Center entered into a month-to-month lease for office space. The lease is terminable at the will of either party at any time upon thirty (30) days advanced written notice, the lease will automatically terminate on June 30, 2011. The current monthly payment is \$1,100.

Lease expense amounted to \$101,150 and \$84,611 for the years ended September 30, 2009 and 2008, respectively.

Note 8 – Compliance with Grantor or Donor Restrictions

Financial assistance from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

Note 9 – Prior Period Adjustment

During 2009 an error was discovered that certain unearned revenue was recognized as earned for the fiscal year-end September 30, 2008. The revenue was overstated by \$24,669. The effect of the prior period adjustment at September 30, 2008 was to increase the unearned revenue, decrease grant revenue and decrease temporarily restricted net assets by \$24,669.

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2009 AND 2008

Note 10 – Subsequent Events

On January 15, 2010, the boards of the Center and Alliance for Healthy Homes (the Alliance), a 501(c)(3) organization, voted to pursue a merger of the two organizations. The merger will be finalized during the fiscal year ending September 30, 2010 upon approval of the Commonwealth of Pennsylvania. Under the terms of the merger, the Alliance will transfer all of its assets, liabilities, property, and obligations to the Center, which will be the surviving organization.

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through February 25, 2010, the date the financial statements were available to be issued.

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY

SUPPLEMENTAL STATEMENTS OF FINANCIAL POSITION
BY ENTITY (WITH ELIMINATIONS)

SEPTEMBER 30, 2009 AND 2008

	2009			
	National Center For Healthy Housing, Inc.	Healthy Housing Solutions, Inc.	Eliminations	Combined Totals
ASSETS				
Current Assets				
Cash and equipment	\$ 190,609	\$ 19,246	\$ -	\$ 209,855
Grants and other receivables	608,202	140,360	(70,982)	677,580
Dividends receivable	10,000	-	(10,000)	-
Due from subsidiary	-	-	-	-
Deferred income taxes	-	3,130	-	3,130
Prepaid expenses and other assets	33,088	-	-	33,088
Total Current Assets	841,899	162,736	(80,982)	923,653
Fixed Assets				
Office equipment	18,920	7,503	-	26,423
Less: Accumulated depreciation	(15,108)	(3,031)	-	(18,139)
Net Fixed Assets	3,812	4,472	-	8,284
Investment in Subsidiary	63,214	-	(63,214)	-
Total Assets	\$ 908,925	\$ 167,208	\$ (144,196)	\$ 931,937
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 90,046	\$ 102,863	\$ (70,982)	\$ 121,927
Accrued expenses	40,893	7,935	-	48,828
Taxes payable	17,099	3,196	-	20,295
Dividends payable	-	10,000	(10,000)	-
Loan payable	-	-	-	-
Unearned revenue	-	-	-	-
Due to parent	-	-	-	-
Other payables	5,851	-	-	5,851
Total Current Liabilities	153,889	123,994	(80,982)	196,901
Net Assets and Equity				
Unrestricted	521,020	-	(20,000)	501,020
Temporarily restricted	234,016	-	-	234,016
Retained earnings	-	43,114	(43,114)	-
Common stock	-	100	(100)	-
Total Net Assets and Equity	755,036	43,214	(63,214)	735,036
Total Liabilities and Net Assets	\$ 908,925	\$ 167,208	\$ (144,196)	\$ 931,937

-See independent auditors' report and accompanying notes-

2008

National Center For Healthy Housing, Inc.	Healthy Housing Solutions, Inc.	Eliminations	Combined Totals
\$ 269,051	\$ 80,073	\$ -	\$ 349,124
701,823	383,642	(93,837)	991,628
-	-	-	-
754	-	(754)	-
-	-	-	-
<u>25,192</u>	<u>-</u>	<u>-</u>	<u>25,192</u>
996,820	463,715	(94,591)	1,365,944
17,699	7,503	-	25,202
<u>(12,598)</u>	<u>(1,532)</u>	<u>-</u>	<u>(14,130)</u>
5,101	5,971	-	11,072
-	-	-	-
<u>76,679</u>	<u>-</u>	<u>(76,679)</u>	<u>-</u>
<u>\$ 1,078,600</u>	<u>\$ 469,686</u>	<u>\$ (171,270)</u>	<u>\$ 1,377,016</u>
\$ 227,446	\$ 300,446	\$ (93,837)	\$ 434,055
30,471	29,576	-	60,047
14,371	24,252	-	38,623
-	-	-	-
-	25,284	-	25,284
-	36,212	-	36,212
-	754	(754)	-
<u>5,448</u>	<u>1,152</u>	<u>-</u>	<u>6,600</u>
277,736	417,676	(94,591)	600,821
496,252	-	-	496,252
279,943	-	-	279,943
-	76,579	(76,579)	-
-	100	(100)	-
<u>776,195</u>	<u>76,679</u>	<u>(76,679)</u>	<u>776,195</u>
<u>\$ 1,053,931</u>	<u>\$ 494,355</u>	<u>\$ (171,270)</u>	<u>\$ 1,377,016</u>

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY

SUPPLEMENTAL STATEMENTS OF ACTIVITIES,
BY ENTITY (WITH ELIMINATIONS)

FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	2009			Combined Totals
	National Center For Healthy Housing, Inc.	Healthy Housing Solutions, Inc.	Eliminations	
Revenue and Support				
Grants and contracts	\$ 2,521,295	\$ 594,469	\$ (146,012)	\$ 2,969,752
Contributions	370,626	-	-	370,626
Interest income	1,080	-	-	1,080
Dividend income	20,000	-	(20,000)	-
Other revenue	39,600	304	(37,734)	2,170
Total Revenue and Support	2,952,601	594,773	(203,746)	3,343,628
Expenses				
Salaries and fringe benefits	1,201,583	199,949	-	1,401,532
Consultants	1,122,725	221,973	(163,661)	1,181,037
Professional fees	108,258	49,117	(19,267)	138,108
Rent	78,613	22,537	-	101,150
Interest expense	-	439	-	439
Others	449,116	117,196	(818)	565,494
Total Expenses	2,960,295	611,211	(183,746)	3,387,760
Change in net assets before equity in earnings of subsidiary and income taxes	(7,694)	(16,438)	(20,000)	(44,132)
Provision for income taxes	-	(2,973)	-	(2,973)
Change in net assets before equity in earnings of subsidiary	(7,694)	(13,465)	(20,000)	(41,159)
Equity in earnings of subsidiary	(13,465)	-	13,465	-
Change in net assets	(21,159)	(13,465)	(6,535)	(41,159)
Net Assets, Beginning of Year	776,195	76,679	(76,679)	776,195
Net Assets, End of Year	\$ 755,036	\$ 63,214	\$ (83,214)	\$ 735,036

-See independent auditors' report and accompanying notes-

2008

National Center For Healthy Housing, Inc.	Healthy Housing Solutions, Inc.	Eliminations	Combined Totals
\$ 2,169,463	\$ 1,165,805	\$ (217,404)	\$ 3,117,864
304,271	-	(15,500)	288,771
1,609	-	-	1,609
-	-	-	-
17,295	-	(15,489)	1,806
<u>2,492,638</u>	<u>1,165,805</u>	<u>(248,393)</u>	<u>3,410,050</u>
1,124,586	383,922	-	1,508,508
809,117	167,861	(232,904)	744,074
95,104	48,338	(15,489)	127,953
69,404	15,207	-	84,611
-	861	-	861
329,381	472,327	-	801,708
<u>2,427,592</u>	<u>1,088,516</u>	<u>(248,393)</u>	<u>3,267,715</u>
65,046	77,289	-	142,335
-	17,802	-	17,802
65,046	59,487	-	124,533
59,487	-	(59,487)	-
124,533	59,487	(59,487)	124,533
651,662	17,194	(17,194)	651,662
<u>\$ 776,195</u>	<u>\$ 76,681</u>	<u>\$ (76,681)</u>	<u>\$ 776,195</u>

NATIONAL CENTER FOR HEALTHY HOUSING, INC.

SUPPLEMENTAL SCHEDULES OF GRANT AND CONTRACT REVENUE

FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
US Department of Health and Human Services		
Centers for Disease Control and Prevention		
Investigations and Technical Assistance	\$ -	\$ 108,164
National Healthy Home Training Center	515,284	696,132
Lead Poisoning Prevention Training Center	118,371	295,055
Smoke Alarm Installation and Fire Training	-	99,576
Evidence Based Practice: Implementing Healthy Homes Interventions	<u>50,000</u>	<u>-</u>
Total US Department of Health and Human Services	<u>683,655</u>	<u>1,198,927</u>
US Department of Housing and Urban Development		
Healthy Homes and Lead Technical Studies	<u>1,193,410</u>	<u>1,026,545</u>
Environmental Protection Agency		
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clear Air Act	90,964	68,404
Protection of Children and Older Adults from Environmental Health Risks	-	8,624
National Community Based Lead Outreach	109,510	133,560
Integrated Pest Management	<u>2,322</u>	<u>-</u>
Total Environmental Protection Agency	<u>202,796</u>	<u>210,588</u>
Federal Pass-Through Grants		
National Environmental Health Association	47,568	-
Boston Medical Center	87,716	54,645
University of Illinois at Chicago	150,396	104,341
National Capitol Contractors, LLC	22,160	5,230
King County Housing Authority	4,719	-
SONA Contracting, LLC	13,530	-
Health Resources In Action	2,904	880
Groundwork Denver	18,513	-
Battelle Memorial Institute	39,637	93,665
UT Battelle, LLC	-	5,920
Children's Hospital Medical Center	-	8,772
Alliance for Healthy Homes	31,084	33,352
Enterprise Community Partners, Inc.	<u>24,355</u>	<u>10,127</u>
Total Federal Pass-Through Grants	<u>442,582</u>	<u>316,932</u>

-See independent auditors' report and accompanying notes-

NATIONAL CENTER FOR HEALTHY HOUSING, INC.

SUPPLEMENTAL SCHEDULES OF GRANT AND CONTRACT REVENUE

FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Contracts and Non-Federal Grants		
Healthy Homes Training Center (Private Training)	62,500	27,975
Greater Rochester Health Foundation	13,251	26,236
New York Department of Health	255,783	192,696
Rhode Island Health Department	16,500	-
ARO Properties	13,907	-
New Hampshire Childhood Lead Poisoning & Prevention		
Healthy Homes Project	8,889	31,111
Michigan Department of Health	16,500	17,474
Miscellaneous	59,979	69,380
	<u>447,309</u>	<u>364,872</u>
Total Contracts and Non-Federal Grants		
	<u>447,309</u>	<u>364,872</u>
Total Grants and Contracts	<u>\$ 2,969,752</u>	<u>\$ 3,117,864</u>

-See independent auditors' report and accompanying notes-

NATIONAL CENTER FOR HEALTHY HOUSING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<u>US Department of Health and Human Services</u>		
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	\$ -
National Healthy Home Training Center	93.283	515,284
Lead Poisoning Prevention Training Center	93.283	118,371
Evidence Based Practice: Implementing Healthy Home Interventions	93.283	50,000
Pass-Through National Environmental Health Association - National Healthy Home Training Center	93.283	20,109
Pass-Through National Environmental Health Association - Building Code Analysis	93.283	<u>27,459</u>
Total US Department of Health and Human Services		<u>731,223</u>
<u>US Department of Housing and Urban Development</u>		
Pass-Through Boston Medical Center - Healthy Homes Technical Studies Program	14.902	87,716
Pass-Through University of Illinois at Chicago - Dust-fall Demonstration Project	14.902	121,544
Pass-Through University of Illinois at Chicago - Might Demonstration Project	14.902	28,852
Healthy Homes & Lead Technical Studies Grant	14.902	299,151
Healthy Homes Demonstration Grant	14.902	376,600
Healthy Homes & Lead Technical Studies Grant	14.902	64,452
Healthy Homes Technical Study	14.902	56,342
Pass-Through National Capitol Contracting, LLC - Healthy Homes Credential Listing	14.901	10,617
Conference Support	14.906	396,865
Pass-Through King County Housing Authority - Seattle Healthy Homes Demonstration Evaluation Grant	14.906	4,719
Pass-Through SONA Contracting, LLC - Healthy Homes Grant Evaluation Manual	14.906	13,530

-See accompanying notes to schedule of expenditures of federal awards-

NATIONAL CENTER FOR HEALTHY HOUSING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	<u>Expenditures</u>
<u>US Department of Housing and Urban Development (Continued)</u>		
Pass-Through National Capitol Contractors, LLC - Lead Technical Assistance - Lead Hazard Controls	14.912	11,543
Pass-Through Alliance for Healthy Homes - Lead Technical Study	14.904	31,084
Pass-Through Enterprise Community Partners, Inc. - Section 4 Demonstration Act Grant Funds	14.902	<u>24,355</u>
Total US Department of Housing and Urban Development Programs		<u>1,527,370</u>
<u>Environmental Protection Agency</u>		
Relating to the Clean Air Act - Minnesota Healthy Indoor Environments Project	66.034	90,964
Pass-Through Health Resources In Action - Relating to the Clean Air Act -	66.034	2,904
Integrated Pest Management	66.714	2,322
Pass-through Groundwork Denver - Lead Outreach Grant	66.715	18,513
National Community Based Lead Outreach and Training	66.718	109,510
Pass-Through Battelle Memorial Institute - Environmental Education and Training Program	66.950	<u>39,637</u>
Total Environmental Protection Agency		<u>263,850</u>
Total Expenditures of Federal Awards		<u>\$ 2,522,443</u>

-See accompanying notes to schedule of expenditures of federal awards-

NATIONAL CENTER FOR HEALTHY HOUSING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Federal Grantor/ Pass-Through Grantor/ <u>Program Title</u>	Federal CFDA <u>Number</u>	<u>Expenditures</u>
<u>US Department of Health and Human Services</u>		
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	\$ 108,164
National Healthy Home Training Center	93.283	696,132
Lead Poisoning Prevention Training Center	93.283	295,055
Smoke Alarm Installation and Fire Safety Education	93.283	99,576
National Institute of Health Pass-Through CHMC - Community Based Trial to Prevent Lead Poisoning & Injuries	93.283	<u>8,772</u>
Total US Department of Health and Human Services		<u>1,207,699</u>
<u>US Department of Housing and Urban Development</u>		
Healthy Homes and Lead Technical Studies American Housing Survey Data Collections	14.902	97,127
Pass-Through Boston Medical Center - Healthy Homes Technical Studies Program	14.902	54,645
Pass-Through University of Illinois at Chicago - Dust-fall Demonstration Project	14.902	104,341
Healthy Homes & Lead Technical Studies Grant	14.902	129,116
Healthy Homes Demonstration Grant	14.902	157,721
Analysis of National Health and Nutrition Examination Survey Lead Data	14.906	26,756
Conference Support	14.906	609,912
Multi-site Asthma Intervention Study	14.906	436
Guidance Manual for Program Grantees	14.906	5,477
Pass-Through National Capitol Contractors, LLC - Lead Technical Assistance - Lead Listing and Provider Registries	14.904	5,230

-See accompanying notes to schedule of expenditures of federal awards-

NATIONAL CENTER FOR HEALTHY HOUSING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Federal Grantor/ Pass-Through Grantor/ <u>Program Title</u>	Federal CFDA <u>Number</u>	<u>Expenditures</u>
<u>US Department of Housing and Urban Development (Continued)</u>		
Pass-Through Alliance for Healthy Homes - Lead Technical Study	14.904	33,352
Pass-Through Enterprise Community Partners, Inc. - Section 4 Demonstration Act Grant Funds	14.902	<u>10,127</u>
Total US Department of Housing and Urban Development Programs		<u>1,234,240</u>
<u>US Department of Energy</u>		
Pass-Through Program From UT Battelle, LLC - Weatherization Assistance for Low-Income Persons	81.042	<u>5,920</u>
<u>Environmental Protection Agency</u>		
Relating to the Clean Air Act - Minnesota Healthy Indoor Environments Project	66.034	57,427
Relating to the Clean Air Act - Healthy Homes Training for Georgia & Mississippi (Region 4)	66.034	10,977
Protection of Children and Older Adults (Elderly) from Environmental Health Risks	66.609	8,624
National Community Based Lead Outreach and Training	66.718	133,560
Pass-Through the Lead Action Coalition - Clean Air Act Training Program	66.034	880
Pass-Through Battelle Memorial Institute - Environmental Education and Training Program	66.950	<u>93,665</u>
Total Environmental Protection Agency		<u>305,133</u>
Total Expenditures of Federal Awards		<u>\$ 2,752,992</u>

-See accompanying notes to schedule of expenditures of federal awards-

REPORTS REQUIRED BY CIRCULAR OMB A-133 SINGLE AUDIT

NATIONAL CENTER FOR HEALTHY HOUSING, INC.
AND SUBSIDIARY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

Note A – Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of National Center For Healthy Housing, Inc. and Subsidiary and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
National Center For Healthy Housing, Inc. and Subsidiary
Columbia, Maryland 21044

We have audited the financial statements of National Center For Healthy Housing, Inc. (a non-profit organization) and Subsidiary as of and for the years ended September 30, 2009 and 2008, and have issued our report thereon dated February 25, 2010. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered National Center For Healthy Housing, Inc. and Subsidiary's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the National Center For Healthy Housing, Inc. and Subsidiary's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether National Center For Healthy Housing, Inc. and Subsidiary's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Finance Committee, the Board of Directors, management, others within National Center For Healthy Housing, Inc. and Subsidiary, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clark and Anderson, P.A.
Certified Public Accountants

Glen Burnie, Maryland

February 25, 2010

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
National Center For Healthy Housing, Inc. and Subsidiary
Columbia, Maryland 21044

Compliance

We have audited the compliance of National Center For Healthy Housing, Inc. (a non-profit organization) and Subsidiary with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended September 30, 2009 and 2008. National Center For Healthy Housing, Inc. and Subsidiary's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of National Center For Healthy Housing, Inc. and Subsidiary's management. Our responsibility is to express an opinion on National Center For Healthy Housing, Inc. and Subsidiary's compliance based on our audits.

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about National Center For Healthy Housing, Inc. and Subsidiary's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audits do not provide a legal determination of National Center For Healthy Housing, Inc. and Subsidiary's compliance with those requirements.

In our opinion, National Center For Healthy Housing, Inc. and Subsidiary complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended September 30, 2009 and 2008.

Internal Control Over Compliance

The management of National Center For Healthy Housing, Inc. and Subsidiary is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered National Center For Healthy Housing, Inc. and Subsidiary's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of National Center For Healthy Housing, Inc. and Subsidiary's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Finance Committee, the Board of Directors, management, others within National Center For Healthy Housing, Inc. and Subsidiary, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clark and Anderson, P.A.
Certified Public Accountants

Glen Burnie, Maryland

February 25, 2010

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

I. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of National Center For Healthy Housing, Inc. and Subsidiary.
2. No reportable conditions relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Audit Standards.
3. No instances of noncompliance material to the financial statements of National Center For Healthy Housing, Inc. and Subsidiary were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the auditors' report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for National Center For Healthy Housing, Inc. and Subsidiary expresses an unqualified opinion on all major federal award programs.
6. There were no audit findings relative to the major federal award programs for National Center For Healthy Housing, Inc. and Subsidiary.
7. The programs tested as major programs included:

Department of Housing and Urban Development
Healthy Homes and Lead Hazard Control CFDA #14.902

Department of Housing and Urban Development
Healthy Homes and Lead Technical Studies CFDA #14.906

Department of Health and Human Services
Centers for Disease Control and Prevention
Investigations and Technical Assistance CFDA #93.283

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

I. SUMMARY OF AUDITORS' RESULTS (Continued)

8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. National Center For Healthy Housing, Inc. and Subsidiary does qualify as a low-risk auditee.

II. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings for federal awards.

III. FINDINGS AND QUESTIONED COSTS OF FEDERAL AWARDS

There were no findings or questioned costs for federal awards.

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

There were no prior year findings for federal awards.

NATIONAL CENTER FOR HEALTHY HOUSING, INC. AND SUBSIDIARY
10320 Little Patuxent Parkway, Suite 500
Columbia, MD 21044

CORRECTIVE ACTION PLAN
February 25, 2010

U.S. Department of Housing and Urban Development

National Center For Healthy Housing, Inc. and Subsidiary respectfully submits the following corrective action plan for the years ended September 30, 2009 and 2008.

Name and address of independent public accounting firm:

CLARK AND ANDERSON, P.A.
7678 Quarterfield Road, Suite 101
Glen Burnie, Maryland 21061

Audit Period: October 1, 2008 - September 30, 2009

There were no findings in the September 30, 2009 schedule of findings and questioned costs.